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New Partnership for Africa's Development: progress in implementation and international support

New Partnership for Africa's Development: fifth consolidated report on progress in implementation and international support

Report of the Secretary-General

Summary

The sixty-second session of the General Assembly will mark the mid-point to 2015, the target date for achieving the Millennium Development Goals. The present report examines policy actions taken by the international community to meet the commitments made by the Group of Eight countries at their 2005 summit held in Gleneagles, United Kingdom of Great Britain and Northern Ireland. The report also analyses the extent of international support to help African countries to meet the Millennium Development Goals and implement the New Partnership for Africa's Development (NEPAD) projects and programmes. This mid-point to 2015 is a reminder of the unfortunate reality that most African countries are off track in meeting most, if not all, of the Millennium Development Goals. By adopting NEPAD which is built around the Millennium Development Goals, African countries have put the Goals at the centre of their development agenda. While it is widely recognized that free trade is an engine of growth that could lift millions of people out of poverty, there is evidence that increased aid and debt relief are also contributing to the improvement of the living standards of millions of people in African countries. Developed countries should therefore deliver on the historic promises they made at the Gleneagles summit in 2005 and give Africa the opportunity to effectively carry the NEPAD vision forward. To that end, the international community, including the United Nations system, and African countries should broaden and deepen their partnership, while effectively coordinating their actions in line with the development paradigm established by the NEPAD initiative, thus increasing the potential of African

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countries to reach the Millennium Development Goals. Concretely, development partners should take urgent steps to increase aid flows, improve its quality and make trade work for Africa, including through a successful conclusion of the Doha Round. African countries should advance the NEPAD agenda by effectively implementing its priorities. The option of business as usual should not be an alternative, as it would lead to broken promises and further delay the achievement of the Millennium Development Goals and the implementation of NEPAD.

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I. Introduction

1. In its resolution 61/229, entitled "New Partnership for Africa's Development: progress in implementation and international support", the General Assembly requested the Secretary-General to submit to it a comprehensive report on the implementation of the resolution at its sixty-second session. The present report is submitted in response to that request.

2. The report highlights policy measures and actions taken by African countries and organizations in the implementation of the New Partnership for Africa's Development (NEPAD), the response of the international community and the support of the United Nations system during the past year. The activities undertaken by both the private sector and civil society in support of NEPAD are also discussed in the report. The report benefited from information and data provided by Member States, regional organizations, the NEPAD secretariat and various entities of the United Nations system.

II. Action by African countries and organizations

3. The NEPAD represents a collective vision and a strategic development framework for Africa. The main issue is how this framework can be used to translate ideas into effective concrete action. To a large extent, the move from a framework to an operational blueprint depends on the resolve of each African country and the subsequent steps taken by them. Each country is expected to design its own blueprint, consistent with the NEPAD goals, in order to accelerate growth and achieve the Millennium Development Goals. In addition to the role of individual countries in implementing NEPAD, responsibility for carrying out some programmes and projects has been given to designated institutions, including the African Development Bank and the Economic Commission for Africa. In addition, the regional economic communities, which are the core institutions for Africa's economic integration, play a leading role in implementing projects at the subregional level.

A. Infrastructure

4. In the last year, progress has been made in implementing the two tracks of the NEPAD infrastructure programme, namely the short-term action plan for infrastructure development and the medium- to long-term strategic framework. In order to interest key energy, investment and other private sector companies in potential electricity infrastructure projects that are waiting for immediate financing, in December 2006 the Infrastructure Consortium for Africa facilitated a meeting of investors and in African power pools. In January 2007, the Consortium held a meeting to discuss strategic issues such as scaling up investment in infrastructure and capacity-building for the regional economic communities. While it was estimated that investment commitments for infrastructure have increased, from $7 billion in 2005 to $7.5 billion in 2006, the Consortium and African stakeholders still need to close the financing gap, estimated at $1.3 billion, for projects that are ready for implementation but lack funds.

5. In an effort to attract potential investors and donors to support the Inga hydroelectric power-generation project, the Government of the Democratic Republic of the Congo, with the support of the African Development Bank and the NEPAD secretariat, organized an international round table in South Africa in October 2006. At that meeting it was decided to undertake a comprehensive evaluation of the site, to be financed by the African Development Bank, and to speed up the rehabilitation of Inga I and II and the Westcor electricity interconnector. Progress has been made in the operationalization of the African Energy Commission, the secretariat of which is in the process of establishing a ministerial board and technical advisory bodies. In addition, following ratification of the African Union convention establishing the African Energy Commission, the first meeting of experts to discuss institutional and managerial issues was hosted by the Commission of the African Union in May 2007 in Addis Ababa.

6. In the water sector, the Technical Advisory Committee of the African Ministers' Council on Water met in February 2007 in Nairobi, in preparation for the meeting of the Council to be held in May in Brazzaville. The Technical Advisory Committee used the meeting to engage the cooperation of the European Commission and the African Development Bank with the African Ministers' Council on Water, in particular on strategies to improve the effectiveness of the support provided by the two organizations. In addition, the Governing Council of the African Water Facility approved the Facility's communications and resource mobilization strategies, as well as an operational budget totalling 33 million euros (€) (46 million United States dollars ($)). At the same time, requests received for funding amounted to €44 million ($61 million), showing that there is a high demand for support. In the area of transboundary water resources management, the NEPAD secretariat has secured €10 million ($14 million) for support for improved assessment of African river basins. Proposals to access the funds are being considered by the European Commission. In recognition of capacity-building as an important cross-cutting issue, during its presidency of both the Group of Eight and the European Union, Germany proposed an initiative to strengthen the capacity of the African Union/NEPAD and the regional economic communities to implement regional infrastructure programmes. In support of the initiative, a fund will be set up at the African Development Bank with an initial German contribution of €2 million ($3 million).

7. In addition to the implementation of the short-term action plan for infrastructure development, work is progressing on the medium- to long-term strategic framework. The outputs of the first phase, primarily focusing on measures to accelerate the implementation of the short-term action plan and the determination of infrastructure development gaps, were discussed at four regional workshops held in the first half of 2007. The study on the medium- to long-term strategic framework, which focuses on regional infrastructure needs, is complemented by the African infrastructure country diagnostics study, which examines infrastructure needs at the country level. Both studies are scheduled to be completed by the end of 2007.

B. Agriculture

8. Over the past year, progress was made in translating the Comprehensive Africa Agriculture Development Programme framework into specific actions at both the country and regional levels. Following the adoption of the Abuja Declaration on

Fertilizer for an African Green Revolution at the Africa Fertilizer Summit held in June 2006 in Abuja, the NEPAD secretariat and the Commission of the African Union were commissioned to set up a mechanism to monitor and evaluate the implementation of the Abuja Declaration and to submit regular progress reports to the African Union Summit. The African Development Bank has finalized the draft legal instrument for the establishment of the African Fertilizer Development Financing Mechanism, outlining its proposed governance mechanism, eligibility criteria and operational procedures. Nigeria has provided $10 million for the mechanism.

9. In March 2007, to contribute to the Comprehensive Africa Agriculture Development Programme framework, a meeting on "Biotechnology, crop production and seed systems" was organized by the Rockefeller Foundation in Mozambique, at which the components of the Alliance for a Green Revolution in Africa, a strategic partnership between the Rockefeller Foundation and the Bill and Melinda Gates Foundation launched in September 2006, were presented. The purpose of the Alliance is to contribute to ongoing efforts to bring about a green revolution in Africa.

10. In December 2006, the Commission of the African Union convened the Abuja Food Security Summit, at which a number of decisions were taken to accelerate the achievement of the objective of food and nutrition security in Africa. The major outcomes of the summit were: (a) the commitment to expanding markets, with particular attention to Africa's own demand and to promoting inter-African trade in staple foods; (b) the commitment to ensure systematic integration of nutrition considerations into agricultural and food security; (c) the commitment to establish a system for selecting and prioritizing key decisions of the relevant AU/NEPAD summits; (d) the commitment to identify successes in African agriculture and to share positive experiences with a view to their adaptation, replication and expansion. In May 2007, the Commission of the African Union convened a post-Abuja meeting of the Food Security Summit's International Technical Committee in Ethiopia to discuss how to implement various relevant decisions. Stakeholders are expected to assist in guiding continental, regional and national implementation of the decisions taken at the Summit in 2006.

11. In March 2007, in Rwanda, the Common Market for Eastern and Southern Africa organized the first country round table of the Comprehensive Africa Agriculture Development Programme at which the Rwanda compact of the programme, representing a mutual commitment between Rwanda, the Commission of the African Union, the Common Market and development partners, was signed. The round table facilitated the undertaking of a comprehensive study to define national targets for the programme, the delineation of national policy challenges and support from ministries of finance and donors at the country level. The road map for the programme for Rwanda and its financial requirements has been defined and the Government of Rwanda has committed itself to increasing its budgetary support to the agricultural sector.

12. In order to accelerate the implementation of the fisheries action plan, the NEPAD secretariat, in partnership with the Commission of the African Union, the Forum for Agricultural Research in Africa and the WorldFish Centre, has launched NEPAD-Fish, a regional programme for investment in research and capacity-building, aimed at increasing and guiding investments by private industry, the public

sector and civil society towards sustainable development of fisheries. In line with the NEPAD action plan, NEPAD-Fish has developed an action plan for the implementation of the Southern Africa Development Community (SADC) Protocol on Fisheries. A donor meeting was held in Norway in April 2007 to discuss the modalities of assistance to be provided by the Nordic countries. In addition, NEPAD and the WorldFish Centre have developed a collaborative programme to enhance the contribution of fish and fisheries in the development process. In particular, the programme will build a strategic response to HIV/AIDS in the fisheries sector that will benefit vulnerable groups. The programme will cover the following countries: Benin, Cameroon, the Democratic Republic of the Congo, Ghana, Kenya, Malawi, Mozambique, Niger, Nigeria, Togo, Uganda, the United Republic of Tanzania and Zambia. The Swedish International Development Agency has provided $4.2 million to support the programme.

C. Health

13. In the past year some progress was made in advancing the African Union/NEPAD health strategy. In particular, the NEPAD secretariat collaborated with the Commission of the African Union in preparing the African Health Strategy 2007-2015, which was presented to the African Union Conference of Health Ministers, held in April 2007.

14. In order to promote the development of the "human resources for health" agenda and foster support for the district health development strategy, the NEPAD secretariat has continued close collaboration with the World Health Organization (WHO), in particular with its regional office for Africa in Brazzaville. The focus has been on strengthening health systems in Africa and, including addressing the human resources for health crisis through the Global Health Workforce Alliance and the African platform on human resources for health. The strengthening of health systems in Africa had led to the establishment of the Africa Health Workforce Observatory at the WHO regional office in Brazzaville. Collaboration with the Joint United Nations Programme on HIV/AIDS (UNAIDS), particularly with its office for Southern and East Africa, has continued. A meeting of regional stakeholders has led to a clear enunciation of roles of the African Union, NEPAD, the regional economic communities and United Nations agencies. One of the critical obstacles to effective health system performance is weak mid-level management capacity. To tackle this issue, the NEPAD secretariat has facilitated the delivery of two courses for district health managers from SADC member countries and will continue to offer such training annually with the aim of providing access to these courses to the rest of the continent.

D. Education

15. Over the past year there has been progress in the implementation of various educational projects. For the "mathematics, science and technology education" project, the Government of Malaysia has agreed to train teachers in mathematics and science in five English speaking countries: Liberia, Malawi, Sierra Leone, the Sudan and the United Republic of Tanzania. Thus far, four African countries have committed themselves to providing financial support to the teachers selected to attend the training programme in Malaysia. Regarding the Regional Centre for

Education in Science and Mathematics, a request has been made to the Government of Malaysia that it extend its support for a period of five years.

16. For the New Partnership for Africa's Development Centres of Excellence project, the Development Bank of Southern Africa/Knowledge Management Africa and the NEPAD secretariat have agreed on a partnership to develop a conceptual framework and criteria for the establishment of African Centres of Excellence. In particular, the Development Bank of Southern Africa has pledged 1 million South African rand ($150,000) to finance the design of the underlying framework of the centres. The second phase of the project will include raising additional funding to secure the financial sustainability of each centre.

17. Funding for the "human resource development, training of nurses and midwives in Africa" project was provided by the Government of China. Phase one of the project includes the training of nurses and midwives in Kenya and the United Republic of Tanzania in public health, including epidemiology and health system research. The project focuses on both the postgraduate and undergraduate levels. In this regard a memorandum of understanding between the NEPAD secretariat and the University of KwaZulu Natal in South Africa has been finalized. A progress report on the achievements in Kenya and the United Republic of Tanzania has been produced. Phase two of the project, which is expected to take place in the near future, will include studies in the Democratic Republic of the Congo, Niger and Rwanda. For the "teacher training and teacher development through open and distance learning in Africa" project, the African Capacity-Building Foundation has agreed to support the project in countries members of the Economic Community of West African States (ECOWAS).

18. With the objective of achieving the "Education for All" goals by 2015, the NEPAD secretariat and the United Nations Educational, Scientific and Cultural Organization (UNESCO) are jointly planning to organize a forum for all key stakeholders working on development. The purpose of the forum would be to discuss various ongoing teacher-related initiatives and to provide the opportunity for all stakeholders to work towards harmonizing their support.

E. Environment

19. To promote regional cooperation in policy development and planning for the environment and natural resource management, the NEPAD secretariat, in collaboration with the African Ministerial Conference on the Environment and the United Nations Environment Programme (UNEP), has organized expert and ministerial meetings to finalize and adopt subregional environmental action plans for each of four subregions: Eastern, Central, North and Southern Africa. In addition, the secretariat's capacity-building project has facilitated and coordinated an inclusive regional dialogue for the development of the subregional environmental action plans. The documentation for the action plans provides a framework advocating strategic priorities, enabling conditions and delivery mechanisms. The project has greatly contributed to strengthening capacity in the subregion for institutional collaboration and implementation.

20. To reinforce the capacity of the regional economic communities, the NEPAD secretariat has contributed to the recruitment of numerous senior environmental experts. These experts are in charge of the implementation of the NEPAD

environment programme at the community level, which includes integrating the environmental dimension into the development programmes of the respective regional economic communities. The implementation of the "climate change adaptation in Africa" research and capacity-building programme, supported by the NEPAD secretariat, is financed by the Department for International Development of the United Kingdom and the Canadian International Development Research Centre. The programme has just entered the implementation phase, with 12 projects addressing various capacity-development issues relating to climate change.

F. Information and communications technology

21. During the last 12 months, progress has been made in laying the necessary foundations for the implementation of various components of the NEPAD e-schools initiatives, including the e-schools demonstration project and the e-schools business plan. The e-schools demonstration project is a central element in the implementation of the e-school initiative. Official launches of e-schools take place in a regular basis: Rwanda in October 2006; Egypt in February 2007; and South Africa in April 2007. There are now seven countries involved with the NEPAD e-schools demonstration projects, as Lesotho, Ghana, Kenya and Uganda have already launched such projects. The e-Commission for Africa is currently reviewing the draft of NEPAD e-schools business plan prepared by the accounting firm of Ernst and Young in coordination with national experts, the regional economic communities and the African Development Bank. A workshop of stakeholders intended to endorse the business plan is scheduled for July 2007. One of the objectives of the NEPAD e-schools initiative is to ensure that those participating in the project are health literate. To that end, the Medical Research Council of South Africa is providing assistance with regard to the development and application of the "health point" concept. The e-Commission for Africa has secured funding from the African Development Bank to sponsor the work of a consultant to define the nature of the health point, concept, terms of reference for which were completed in March 2007.

22. Progress on the NEPAD information and communications technology (ICT) broadband infrastructure network for Eastern and Southern Africa led to the signature of the Kigali Protocol in November 2006. Twelve countries have signed the Protocol: Botswana, the Democratic Republic of the Congo, Lesotho, Madagascar, Malawi, Mauritius, Rwanda, South Africa, Uganda, the United Republic of Tanzania, Zambia and Zimbabwe. The objectives of the Protocol include open access and affordable prices for high quality, high-speed and reliable electronic communications for end-users. To help realize this objective, the first meeting of the interim Intergovernmental Assembly, composed of the 12 signatory countries, was held in December 2006 in South Africa. In particular, the interim Assembly authorized the e-Commission for Africa to coordinate requests for funding a study of the submarine segment of the NEPAD infrastructure network. Similar broadband infrastructure initiatives for Central, West and North Africa are in the early stages of development.

23. Under the auspices of the NEPAD e-Commission for Africa, African youth have developed the NEPAD e-Commission for Africa youth programme. Terms of reference of the Youth Programme and a three-year programme (2006-09) have been developed. Representatives of African youth who worked on the programmes are from: Botswana, the Republic of the Congo, the Democratic Republic of the Congo,

Egypt, Ethiopia, Ghana, Kenya, Mali, Mauritius, Mozambique, Nigeria, South Africa and Tunisia.

G. Science and technology

24. In the area of science and technology, progress is being made, particularly in the fields of biotechnology and biosciences and in the establishment of centres of excellence. The high-level African Panel on Biotechnology has completed its interim report on biotechnology and biosafety. The report was endorsed at the conference of the African Ministerial Council on Science and Technology in Cairo in November 2006. At the same forum, an interministerial dialogue between ministers of science and technology and ministers of water led to an agreement on criteria and guidelines for establishing an African network of centres of excellence dedicated to water sciences and the development of technology. A task force has been established to identify leading institutions that will constitute the network. The Government of France has provided €180,000 ($250,000) to support this initiative. In addition, partnerships are envisaged with European countries through the African Caribbean Pacific-European Union water facility.

25. The African biosciences initiative has registered further progress in its implementation. Four regional hubs for the biosciences have been established as follows: West Africa (based in Senegal); North Africa (based in Egypt); East and Central Africa (based in Nairobi); and Southern Africa (based in South Africa). The Canadian International Development Agency has contributed 30 million Canadian dollars ($28 million) to support activities of the NEPAD biosciences initiative, while the Government of Finland has pledged a grant of €3 million ($4 million) to support such activities in Southern Africa.

26. In the area of health research and technology, the NEPAD secretariat has commissioned 10 studies and assessments to identify specific priorities to enhance the procurement of health products and technologies and to strengthen research to improve public health in Africa. The Bill and Melinda Gates Foundation has provided $600,000 for the initiative. The studies will be presented at a round table in January 2008 in Addis Ababa. With the collaboration of the NEPAD secretariat and the support of various partners, the Commission of the African Union has finalized Africa's Science and Technology Consolidated Plan of Action.

H. Gender mainstreaming and civil society involvement

27. During the past year, the NEPAD secretariat has been developing a gender mainstreaming toolkit for NEPAD, the regional economic communities and the African Union organs. After reviewing and customizing the existing gender mainstreaming tools to suit their needs, a technical workshop of the NEPAD gender task force was convened in September 2006 in Cairo, to peer review the draft tools. The tools were subsequently further upgraded and refined in preparation for the second validation workshop, which is scheduled to take place in the second half of 2007. The NEPAD secretariat also provided technical support to the African Union, the regional economic communities and the gender directorates and committees of the Pan-African Parliament. In this context, support was provided to the gender and culture panel of the first pan-cultural conference of the African Union, the Union's

knowledge Fair and Consultative Meeting on Good Practices in Gender Mainstreaming, and the summit on gender held in June 2006 in Banjul in advance of the seventh African Union summit.

28. In order to enhance its position in the Africa Partnership Forum and the 2007 Group of Eight summit processes, the NEPAD secretariat spearheaded efforts to mobilize the participation of Africa-wide civil society organizations. As a result, civil society organizations contributed to the preparation of papers in six priority areas identified by the Chair of the Group of Eight, and the Africa Partnership Forum, namely: trade and investment; gender; climate change; governance/African Peer Review Mechanism; HIV/AIDS; and peace and security. The papers were discussed at the Africa-wide workshop of civil society organizations, the Group of Eight and the Africa Partnership Forum held in April 2007 in Johannesburg, South Africa, and presented to both the Government of Germany and the co-chairs of the eighth Africa Partnership Forum in April and May 2007, respectively.

I. African Peer Review Mechanism

29. Despite various challenges, including inadequate financial and institutional capacity to move the African Peer Review Mechanism process forward, some progress has been achieved over the last year. As of June 2007, 26 countries have voluntarily acceded to the Review Mechanism: Algeria, Angola, Benin, Burkina Faso, Cameroon, Egypt, Ethiopia, Gabon, Ghana, Kenya, Lesotho, Malawi, Mali, Mauritius, Mozambique, Nigeria, Republic of the Congo, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, South Africa, Sudan, Uganda, United Republic of Tanzania and Zambia. Taken together these countries account for about 75 per cent of the total population of the continent. South Africa and Algeria have completed the process and the country review reports of both countries were submitted to the African Peer Review Forum in July 2007.

30. In response to various concerns about the slow progress of the process, the activities of the African Peer Review Mechanism have been increasingly focused on advancing country processes and reviews. To that end, the 2007 work plan of the Review Mechanism is preparing the implementation of various substantive activities critical for its successful implementation. These include: (a) advance missions in five countries: Angola, Cameroon, the Republic of the Congo, Sao Tome and Principe and Gabon; (b) follow-up missions to six countries: Burkina Faso, Malawi, Mauritius, Mozambique, Nigeria and the United Republic of Tanzania; (c) support missions to four countries: Malawi, Mali, Sierra Leone and Zambia; (d) review missions to four countries: Benin, Mozambique, Nigeria and Uganda; and (e) post-review missions to three countries: Ghana, Kenya and Rwanda. Furthermore, following the recommendations of the sixth Africa Governance Forum held in Kigali in May 2006, the 2007 work plan envisages the implementation of additional activities, including the facilitation of peer learning workshops, the establishment of appropriate monitoring and evaluation frameworks and the improvement of Review Mechanism institutions and processes.

31. For countries that have already undergone the process, the main challenge is how to institutionalize the national dialogue and consultation processes around key governance issues generated by the African Peer Review Mechanism and to

implement the projects and programmes identified in national programmes of action, including mainstreaming them into other national development processes.

32. At the country level, the African Peer Review Mechanism is funded by participating African member States. As of end-December 2006, the total financial contributions received from member States stood at $8.8 million, accounting for 62 per cent of the total contributions to the Review Mechanism since its inception. Bilateral and multilateral development partners have contributed the remaining 38 per cent. The non-African contribution came from the Governments of Canada, Spain and the United Kingdom and from the United Nations Development Programme (UNDP). Strategic partners, including the African Development Bank and the Economic Commission for Africa, have been funding their participation in both country review and country support missions. Adequate funding is fundamental to the sustainability and independence of the process. By fulfilling their financial obligations to the Review Mechanism, participating countries are consolidating and taking full ownership of the process.

III. Response of the international community

A. Building on the momentum of international support for Africa's development

33. At the present time, when there is evidence that more aid and debt relief to Africa are making an impact in improving the lives of millions of people, the engagement of the member countries of the Group of Eight with Africa appears to be falling short. For the first time since 1997, according to the Organization for Economic Cooperation and Development (OECD), total official development assistance (ODA) to Africa provided by the Development Assistance Committee (excluding debt relief to Nigeria) declined in real terms in 2005 and stalled in 2006. If present trends continue, the Group of Eight countries will not be on track to meet their commitment of doubling aid to Africa by 2010. Moreover, only limited progress has been achieved in trade liberalization of relevance to African exports.

34. Against this background, a number of international actions and pledges with the potential to contribute to the implementation of NEPAD were initiated last year. Sweden has elaborated a plan to make better use of trade as a tool for development and, in line with the implementation of the Aid for Trade initiative, has become one of the main contributors to trade-related activities in support of Africa.

35. As part of the Heavily Indebted Poor Countries (HIPC) Debt Initiative, the Government of the Russian Federation pledged to cancel over $540 million in bilateral debt in 2007 and, in addition, is about to disburse about $0.2 million to the Trust Fund for the African Peer Review Mechanism.

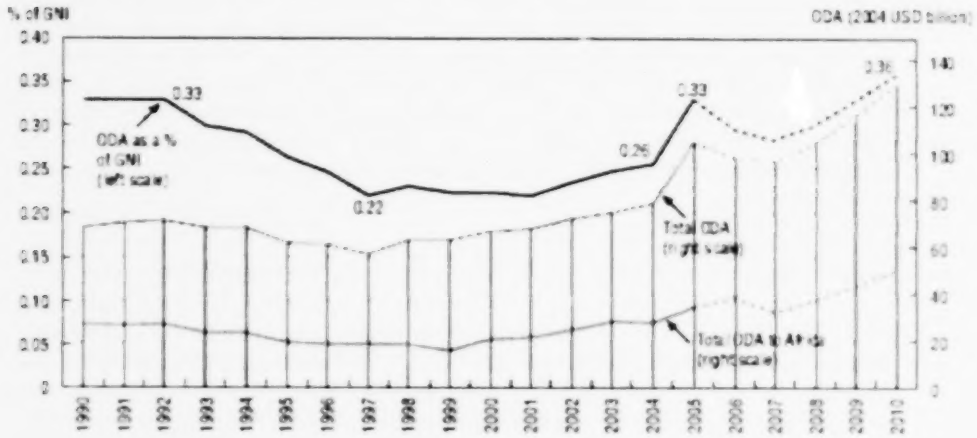
36. At the 2007 Heiligendamm summit, the Group of Eight countries pledged to dedicate $30 billion to the fight against HIV/AIDS, malaria and tuberculosis in Africa, with the United States Government committing to provide half of that amount.

B. Official development assistance

37. According to OECD, total ODA globally from members of the OECD Development Assistance Committee fell by 5.1 per cent, to $103.9 billion in 2006 (see figure below). Even excluding one-off debt relief to Iraq and Nigeria, which made the 2005 total exceptionally high, overall assistance fell by 1.8 per cent. As debt relief for Nigeria and Iraq is phasing out, there is the concern that ODA may further decline in 2007.

Figure

Net official development assistance from members of the Development Assistance Committee 1990-2005 and simulations of net official development assistance to 2010 by the Development Assistance Committee secretariat



Source: OECD Development Assistance Committee, 2007.

38. Against this background, two years after the 2005 Gleneagles summit, meeting the commitments made by the Group of Eight countries to double aid to Africa by 2010 is becoming an increasing challenge. Excluding Nigeria's debt relief, ODA declined by around 1 per cent in real terms in 2005. According to preliminary data from OECD, excluding debt relief for Nigeria, aid to sub-Saharan Africa from members of the Development Assistance Committee increased by only 2 per cent in 2006.

39. To meet their commitments for the period from 2004 to 2006, the Group of Eight countries should have increased their ODA by $5.4 billion. In fact, they increased it by only $2.3 billion. Moreover, the increasing concentration of aid among a limited number of countries implies that aid to most sub-Saharan African countries was either constant or increased at a very slow pace. Recently, however, despite the slow pace of granting more aid to Africa, there seems to be some positive indication of an increase in aid in the future. For example, following the 2007 Heiligendamm summit, the Group of Eight countries committed themselves (without providing any timetable) to redeeming the aid pledges they made at the Gleneagles summit.

40. Subsequent to the adoption of the Paris Declaration on Aid Effectiveness in March 2005, the following actions have been taken by donors to change aid practices. In 2006, indicators of donor harmonization and alignment were collected and monitored for the first time. Since governance is crucial to ensure aid effectiveness, the International Monetary Fund (IMF) and the World Bank proposed a framework to monitor governance, including indicators. Developing countries, donors and international financial institutions then began adapting parts of the framework to improve practices. In particular, 16 members of the Development Assistance Committee adopted an action plan for implementing the Paris Declaration. An additional three members have adopted the principles of harmonization and alignment in their aid strategies and policies. In the area of broad dissemination within donor development agencies, a majority of members of the Development Assistance Committee have provided training courses on the commitments under the Paris Declaration. Some agencies have also provided staff training on budget support, sector-wide approaches and public financial management. The third High-level Forum on Aid Effectiveness, to be held in September 2008 in Accra, will present an opportunity to assess progress made on and next steps regarding the Paris Declaration, for which it will constitute a milestone. In addition, at the 2007 Group of Eight summit, the importance of the implementation of the Paris Declaration and the monitoring of its progress was emphasized.

C. Debt relief

41. Over the past year there has been some progress in extending and deepening debt relief through the Multilateral Debt Relief Initiative, the HIPC Initiative and bilateral debt relief initiatives. In addition, the Group of Eight countries are expected to meet their commitments on debt relief made at the Gleneagles summit. Three African countries reached the completion point of the HIPC Initiative in the past 12 months: Malawi in September 2006, Sierra Leone in December 2006 and Sao Tome and Principe in March 2007. Thus, as of July 2007, 18 African countries have reached the completion point under the HIPC Initiative and are thus benefiting through the Multilateral Debt Relief Initiative: Benin, Burkina Faso, Cameroon, Ethiopia, Ghana, Madagascar, Malawi, Mali, Mauritania, Mozambique, the Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Uganda, the United Republic of Tanzania and Zambia. In addition, as of July 2007, the following seven African countries were receiving interim relief through the HIPC Initiative as they were paying significantly reduced debt services: Burundi, Chad, the Democratic Republic of the Congo, the Republic of the Congo, the Gambia, Guinea and Guinea-Bissau. These seven countries have already reached the decision point and are expected to reach the completion point within the next two years. Once they reach the completion point under the HIPC Initiative they will automatically qualify for debt relief under the Multilateral Debt Relief Initiative.

42. Eight African countries met the income and indebtedness criteria based on data from the end of 2004 and may be considered for debt relief under the HIPC Initiative (see table below). According to the 2007 Debt, AIDS Trade Africa report, the Multilateral Debt Relief Initiative and the HIPC Initiative combined are currently providing approximately $70 billion in debt relief to African countries, saving them an average of almost $2 billion a year in debt servicing costs.

According to the World Bank *Global Monitoring Report 2006*, the Multilateral Debt Relief Initiative would leave post-completion-point African heavily indebted poor countries with an average debt/exports ratio of about 45 per cent (as compared with the debt sustainability threshold of 150 per cent under the enhanced HIPC Initiative).

Table
Current and potential beneficiaries of the Multilateral Debt Relief Initiative

Status	*Countries*
Post-completion-point countries that have benefited from the Multilateral Debt Relief Initiative as of end-April 2007 (18)	Benin, Burkina Faso, Cameroon, Ethiopia, Ghana, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, United Republic of Tanzania, Uganda, Zambia
Post-decision-point countries (7)	Burundi, Chad, the Democratic Republic of the Congo, Republic of the Congo, the Gambia, Guinea, Guinea-Bissau
Pre-decision-point countries (8)	Central African Republic, Comoros, Côte d'Ivoire, Eritrea, Liberia, Somalia, Sudan, Togo

Source: IMF, 2007.

43. The Multilateral Debt Relief Initiative will not be fully successful unless donor countries adequately offset the lost debt repayments to the International Development Association and the African Development Fund, thus maintaining their capacity to issue new grants and affordable loans. As of May 2007, the donor countries had made firm commitments for less than half of the additional $10 billion needed by the International Development Association and the African Development Fund from 2006 to 2016. This problem requires urgent attention.

44. The Multilateral Debt Relief Initiative and the HIPC Initiative have been complemented by bilateral debt relief granted by the Group of Eight countries and other donor countries. The Paris Club creditors have granted additional debt relief beyond the HIPC Initiative to selected heavily indebted poor countries in Africa. In October 2006, they granted bilateral debt relief of $217 million to Malawi, which resulted in a significant reduction of Malawi's debt to the Paris Club. The Club creditors also granted debt relief to Sierra Leone in January 2007 ($22 million) and to Sao Tome and Principe in May 2007, entirely cancelling the debt of these two countries to the creditors.[1]

45. In addition, at the Beijing summit of the Forum on China-Africa Cooperation, held in November 2006, China announced the cancellation of all debt in the form of interest-free Government loans that matured at the end of 2005 owed by African heavily indebted poor countries and least developed countries that have diplomatic relations with it. Through the Canadian debt initiative and bilateral participation in the HIPC Initiative, as of 2006 Canada had also provided over $927 million in

[1] See Paris Club website: http://www.clubdeparis.org.

bilateral debt relief to African heavily indebted poor countries. The countries that have received or are about to receive full cancellation of their bilateral debt to Canada are: Benin, Cameroon, the Democratic Republic of the Congo, Ethiopia, Ghana, Madagascar, Rwanda, Senegal, the United Republic of Tanzania and Zambia. Debt negotiations between Poland and Angola led to a 60 per cent reduction (amounting to about $91.86 million) in the total debt owed by Angola to Poland.

D. Foreign direct investment

46. In 2005, the year for which the latest data is available from the United Nations Conference on Trade and Development (UNCTAD), foreign direct investment (FDI) flows to Africa reached an unprecedented level of $31 billion, compared with $17 billion in 2004. Despite this record high and near doubling of inflows, Africa's share in global FDI remained low, at about 3 per cent. This low share reflects slow progress in increasing productive capacity and diversification, developing the regional market and in the formation of a highly skilled labour force.

47. While the recent high level of FDI inflows is mainly due to a boom in the global commodity market, which generated substantial inflows into the primary sector, the service sector also registered an increase in investment inflows. Similar to past trends, FDI inflows remained concentrated in a few countries and industries. Five countries (Egypt, Nigeria, Morocco, South Africa and the Sudan) represented about 66 per cent of the inflows to the continent. The countries that received the least FDI were mostly least developed countries, many of which have limited natural resources, lack the capacity to engage in significant manufacturing and have been unable to integrate into the global economy.

48. In 2005, FDI inflows increased in 34 African countries and declined in 19 other. South Africa registered the largest inflows, with a substantial increase from only $0.8 billion in 2004 to $6.4 billion in 2005. This was mainly due to the acquisition of Amalgamated Bank of South Africa by Barclays Bank (United Kingdom) for $5 billion. While the main source countries of FDI inflows to Africa remained the same, investment from China and other Asian countries increased substantially, especially in the oil and telecommunications industries. In an effort to attract more FDI, many African countries have recently adopted business-friendly regulatory frameworks and policies at the regional, national and bilateral levels.

49. Since its establishment in 2006, the donor community's commitment to the Investment Climate Facility for Africa has increased from $80 million to about $120 million. Several multinational companies, including Microsoft, Standard Bank, Celtel (an African telecommunications provider) and Sasol, have committed themselves to contributing to the Facility. The Facility has established well-defined project selection criteria and set eight indicators against which it will evaluate its performance. In collaboration with the NEPAD secretariat, the Facility is finalizing its strategic framework and workplan for the next two years.

E. Trade

50. There is doubt whether the Doha Round will be brought to a successful conclusion this year. Little progress has been made in finding an agreement on

issues affecting Africa, including agricultural market access and greater reduction in trade-distorting agricultural subsidies.

51. Notwithstanding delays in the Doha trade negotiations, further progress has been made on the Aid for Trade initiative. International support for trade-related assistance continues to intensify, with a special focus on establishing a framework to improve the coordination and effectiveness of the Aid for Trade initiative. Since this aid is widely viewed as an essential complement and not a substitute for a successful Doha Development Agenda, the main segments of this new architecture were implemented under the leadership of the World Trade Organization. A task force established by the World Trade Organization on the Aid for Trade initiative recommended a series of proposals to improve monitoring and evaluation, including the establishment of a monitoring entity, and an annual discussion on the initiative at the organization's General Council. While donors have committed themselves to providing substantial increases under the initiative, they have not provided any specifics on the magnitude of the increase, the timetable or the mechanism by which aid will be disbursed. For their part, African countries have been very active in articulating their positions on the initiative, requesting, in particular, assistance in meeting sanitary and technical standards and the cost of implementing other agreements of the World Trade Organization, in strengthening their negotiating capacities and in improving their chances of acceding to the World Trade Organization.

52. Negotiations on the economic partnership agreements between the European Union and African countries are well under way. The objective of the negotiations is to replace non-conforming trade preferences for Africa with agreements compatible with World Trade Organization agreements by the end of 2007. These agreements pose socio-economic challenges for African countries, which are expected to open their markets to imports from the European Union in return for the extension of preferential access. At the Conference of African Ministers of Finance, Planning and Economic Development, held in Addis Ababa in April 2007, ministers called on the European Union to make additional resources available to meet the adjustment and other associated costs.

53. In December 2006, the United States extended the "third country fabric" provision of the African Growth and Opportunity Act to 2012. The provision allows African apparel factories to use the most cost-effective fabric in producing clothing to be sold within the United States market. At the Beijing summit of the Forum on China-Africa Cooperation, held in November 2006, the Chinese Government announced a further opening up of China's domestic market to Africa through an increase in the number of imported items with a special preferential tariff from the least developed African countries from 190 to more than 440.

F. South-South cooperation

54. South-South cooperation is gaining in importance as a complement to North-South partnerships. Specifically, significant South-South cooperation has expanded between China and Africa. In November 2006, the summit and the third ministerial conference of the Forum for China-Africa Cooperation was held in Beijing. At the summit, China pledged $3 billion in preferential loans and $2 billion in export credits for African countries over the next three years. In order to encourage and

support Chinese business in Africa, the China-Africa Development Fund, with a total capital of $5 billion, has been established. To chart the course for China-Africa cooperation, the two sides also adopted Beijing Action Plan (2007-2009), which sets forth a framework for the strengthened aid and trade relationships between China and African countries. Furthermore, in cooperation with UNDP, the China-Africa Business Council has been established in Beijing to enhance economic and trade relations and cooperation.

55. In addition, countries like Brazil and India have become much more economically active in Africa, including by providing technical assistance. For example, in India, which is planning the first summit-level meeting with the 53 member States of the African Union in the second half of 2007, work is under way to implement the country's initiative for a connectivity mission to support areas such as tele-education across the continent. The formation of the India-Brazil-South Africa Facility for Poverty and Hunger Alleviation also warrants particular attention as an important triangular alliance.

56. Recently, bilateral links between African and South American countries have been expanding. Against this background, the first Africa-South America Summit to Advance South-South Cooperation was held in November 2006 in Abuja. At the summit, pledges of cooperation in a number of economic sectors and in the area of peace and security were made. It was also agreed that the Africa-South America Summit would be held every two years, alternating between Africa and South America.

57. Japan continues to place emphasis on the Tokyo International Conference on African Development process as a cornerstone of cooperation between African countries and Japan. The fourth Tokyo International Conference on African Development, which will be held in May 2008, before the Group of Eight summit in Japan, is intended to raise awareness of the challenges facing Africa. An African ministerial meeting on energy and environment was also held in early 2007 in Kenya, aiming to address the issues of lack of access to energy and environmental degradation in Africa. Japan also supports the Technonet Africa project through the Japan-UNDP partnership fund. The project is aimed at promoting the development of a network of small and medium-sized enterprises in Africa and attracting FDI. Building on the momentum of the "Korea Initiative for Africa's Development", which contains plans for comprehensive support for African countries, the Republic of Korea plans to expand aid in medicine, health services, information technology and human resource development, in addition to its plan to triple ODA to Africa by 2008.

IV. Support by the United Nations system

58. The United Nations system remains an important pillar of international support for Africa, including for the implementation of NEPAD and the attainment of the Millennium Development Goals. The system's diverse support for NEPAD ranges from advocacy and institutional support to practical assistance for the implementation of NEPAD programmes and projects. The nature and scope of the support provided by the United Nations system in the past 12 months has been analysed in the report of the Secretary-General to the Committee on Programme and

Coordination on the United Nations system support for NEPAD.[2] The main message of that report is that over the past year progress has been made in two important areas: enhanced collaboration between the United Nations system and the Commission of the African Union; and strengthening of the cluster system under which the support of the United Nations system to the implementation of NEPAD is organized. Furthermore, the report details many specific initiatives by United Nations organizations and programmes in support of NEPAD.

59. The declaration on "Enhancing United Nations-African Union Cooperation", signed by the United Nations and the Commission of the African Union in November 2006 has provided a framework for stronger and more effective cooperation. A 10-year capacity-building programme for the African Union is also being developed by the Organization through wide-ranging consultations involving several entities of the United Nations system and the Commission of the Union.

60. In addition, the seventh regional consultation meeting of United Nations agencies and organizations working in Africa, held in November 2006 in Addis Ababa, reflected a renewed commitment by the United Nations system to provide focused and coordinated support to the African Union and NEPAD. The discussions and recommendations of the meeting focused on the following five key policy issues: strengthening regional coordination and the cluster system; fostering coordination and integration of United Nations activities at the subregional level; improving United Nations relationships with continental and subregional organizations; monitoring the effectiveness of United Nations interventions in coordinating support to the African Union/NEPAD; and enhancing capacity and mobilizing resources to implement recommendations and improve inter-agency collaboration to support the African Union/NEPAD.

61. With the aim of increasing synergies and improving collaboration between United Nations agencies, the regional consultation meeting created new thematic clusters by dividing two of the existing ones. The governance, peace and security cluster was divided into a governance cluster and a peace and security cluster; and the agriculture, trade and market access cluster was split into a cluster for agriculture, food security and rural development and a cluster for industry, trade and market access. The terms of reference of the latter were adopted at the inaugural meeting co-organized in May 2007 in Vienna by the Economic Commission for Africa and the cluster's convener, the United Nations Industrial Development Organization (UNIDO).

62. At the regional consultation meeting it was also agreed that all clusters should undertake a clear alignment of programmes and resources with the priorities of the African Union and NEPAD. In response to the demands of the new United Nations-African Union cooperation framework, the regional consultation mechanism of United Nations organizations and agencies working in Africa has been expanded to include the Commission of the African Union. The meeting also recommended that the United Nations system should maintain regular consultations with the Commission.

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[2] E/AC.51/2007/4.

V. Conclusions and recommendations

63. **In the past year, Africa's development partners have made progress in delivering on their promise to cancel the multilateral debt of qualified African countries. However, lack of progress in the Doha Round of multilateral trade talks remains a major problem. The international community needs to make dramatic progress on its pledges, while African countries should continue to take steps to effectively implement the many NEPAD projects and programmes they have already adopted.**

64. **Member countries of the Group of Eight should take urgent and collective action to substantially increase their aid, in order to deliver on their commitments of doubling assistance to Africa by 2010. They should also design a series of innovative financing arrangements to make up for any shortfalls in core budgetary provisions. With the rise of new aid sources and the subsequent proliferation of aid channels, there is a need for the international community to develop a new aid architecture, based on closer coordination with aid activities among the wider donor community, greater harmonization, less fragmentation and better allocation of aid, as envisaged in the Paris Declaration on Aid Effectiveness.**

65. **The international community should also ensure that multilateral trade agreements, including the final Doha Round, prioritize Africa's needs and incorporate appropriate developmental provisions. Lack of progress in negotiations on issues of interest to Africa is a serious concern.**

66. **The Aid for Trade initiative is expected to assist African countries in implementing various trade arrangements, including the Doha Round and the economic partnership agreements, by addressing the many constraints that they face. In this regard, efforts should be made to ensure that the initiative is well formulated, adequately funded, efficiently managed and effectively implemented as quickly as possible. Resources granted to the initiative should be additional, predictable, adequate and sustainable. These new and additional resources should finance new, not recycled or existing, technical assistance and projects.**

67. **While the United Nations system has taken important steps towards providing increasingly focused and coordinated support to the African Union and NEPAD, it is important to further strengthen the clusters and the regional consultation mechanism by organizing more frequent and regular meetings, particularly at the senior level, in order to further enhance coordination and joint programming. At the same time, the United Nations system should place increased emphasis on monitoring and evaluating the impact of its activities in support of the African Union and NEPAD.**

68. **African Governments need to continue prudent borrowing policies and to further strengthen their capacity to monitor and manage their debt. They should also be vigilant about loan conditions, such as mortgaging future exports earnings for repayments.**

69. **With an unprecedented amount of debt relief and promises of increased development aid, African Governments should further strengthen their public finance management practices in order to ensure that the freed-up resources**

are used to effectively support their efforts to implement NEPAD and to attain the Millennium Development Goals.

70. **Six years after the adoption of NEPAD, African countries should further enhance public awareness and commitment to NEPAD and its programmes through, inter alia, effective and comprehensive communications and outreach strategies.**